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ARIZONA CORPORATION COMMISSION

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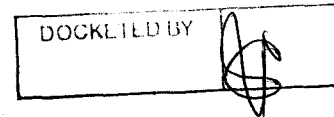
January 8, 2007

Arizona Corporation Commission

DOCKETED

JAN 08 2007

Mr. Timothy Sabo
Roshka DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004



RE: PICACHO COVE UTILITIES COMPANY AND PICACHO COVE WATER
COMPANY FOR CERTIFICATES OF CONVENIENCE AND NECESSITY.
DOCKET NOS. SW-20494A-06-0769 AND W-20495A-06-0769

INSUFFICIENCY LETTER

Dear Mr. Sabo:

The applications of Picacho Cove Utilities Company and Picacho Cove Water Company for Certificates of Convenience and Necessity have not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C."). Pursuant to A.A.C. R14-2-411(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

To correct the deficiencies, please provide the following information:

1. Proposed rates and charges for both entities.
2. Pro forma financial statements for both entities.

Pursuant to the A.A.C. R14-2-411(C) for water and R14-2-610(C) for wastewater, the Commission has 150 calendar days to approve or reject this application after it is deemed sufficient. This time period would encompass a hearing, a Recommended Opinion and Order and a Decision from the Commission.

AZ CORP COMMISSION
DOCUMENT CONTROL

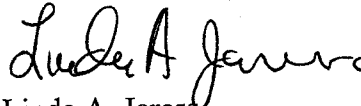
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Mr. Timothy Sabo
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If you have any questions please contact me at 602-542-0859, Crystal Brown at 602-542-0864 or Marlin Scott at 602-542-7272.

Yours truly,

A handwritten signature in cursive script, appearing to read "Linda A. Jaress".

Linda A. Jaress
Executive Consultant III

LAJ:tdp

cc: Docket Control
Del Smith
Lyn Farmer
Brian Bozzo
Graham Symmonds, Sr. VP Global Water Management